

# What are the motives behind cronyism?

April 6 2022

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A study in *Economic Inquiry* uses a novel experimental design to deconstruct the motives behind engaging in cronyism, for example, when a manager hires a friend without proper regard to their qualifications. The research indicates that cronyism persists mainly because it is profitable for those who engage in it.

Investigators took advantage of the Residential College system at Rice University to employ a game-based laboratory experiment with real social groups. The experiment revealed that cronyism is indeed a common practice and that the motives for cronyism include beliefs about reciprocity and favoritism. For the former, individuals engage in cronyism because they believe their fellow "ingroup" members (in this case, residents from the same college) will reciprocate. The study found that cronyism does indeed have a [positive impact](#) on reciprocity by such members.

"Cronyism is seen as unambiguously bad, and many policies are designed to prevent it, in both the private and public sectors. But we show that, despite its reputation, cronyism might be good," said corresponding author Catherine Eckel, Ph.D., of Texas A&M University. "In our experiment, people who select their ingroup [members](#) trust them more, and lower-productivity workers are so grateful for being chosen that they reciprocate that trust at high levels. This leads to a better outcome for both. So for jobs that require trust, cronyism can pay. Shared identity motivates even low-quality workers to respond to trust with greater effort."

**More information:** Polarization, Antipathy, and Political Activism, *Economic Inquiry* (2022). [DOI: 10.1111/ECIN.13080](https://doi.org/10.1111/ECIN.13080)

Provided by Wiley

Citation: What are the motives behind cronyism? (2022, April 6) retrieved 16 July 2024 from <https://phys.org/news/2022-04-cronyism.html>

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